

CLERK'S COPY.

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1945

No. 54

SCOTT PAPER COMPANY, PETITIONER,

vs.

**MARCALUS MANUFACTURING COMPANY, INC.,
AND NICHOLAS MARCALUS.**

**ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT
OF APPEALS FOR THE THIRD CIRCUIT**

PETITION FOR CERTIORARI FILED APRIL 2, 1945.

CERTIORARI GRANTED APRIL 30, 1945.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1945

No. 54

SCOTT PAPER COMPANY, PETITIONER,

vs.

MARCALUS MANUFACTURING COMPANY, INC.,
AND NICHOLAS MARCALUS

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT
OF APPEALS FOR THE THIRD CIRCUIT

INDEX

	Original	Print
Proceedings in U. S. C. C. A., Third Circuit.....	a	1
Appendix to appellants' brief.....	a	1
Relevant docket entries.....	1	1
Findings of fact, conclusions of law and opinion.....	1	1
Interlocutory judgment	9	7
Marcalus patent 1,843,420 (Plaintiff's Exhibit 4)	12	10
Affidavit of Donald J. Overocker in opposition to motion for summary judgment	16	11
Inman patent 1,086,851 (Defendant's Exhibit 1)	25	19
Appendix to appellee's brief	28	19
Assignment from Nicholas Marcalus to Automatic Paper Machinery Co., Inc. (Plaintiff's Exhibit 6)	29	19
Excerpt from deposition of Nicholas Marcalus	30	20
Drawing of machine (Plaintiff's Exhibit 1)	31	21
Minute entry of argument and submission	32	23
Opinion, Biggs, J.	32	23
Judgment	43	34
Petition for rehearing	44	35
Order denying petition for rehearing	51	41
Clerk's certificate	51	41
Stipulation as to record	52	42
Order allowing certiorari	53	43

JUDG & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., JULY 27, 1945.

[fol. a]

**IN UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE THIRD CIRCUIT, OCTOBER TERM, 1943**

No. 8589

**AUTOMATIC PAPER MACHINERY COMPANY, INC.,
Plaintiff-Appellee,**

VS.

**MARCALUS MANUFACTURING COMPANY, INC. and NICHOLAS
MARCALUS, Defendants-Appellants**

**Appeal from the Judgment of the District Court of the
United States for the District of New Jersey**

Appendix for Defendants-Appellants—Filed March 18, 1944

[File endorsement omitted.]

[fol. 1] **IN UNITED STATES DISTRICT COURT, DISTRICT OF NEW
JERSEY**

RELEVANT DOCKET ENTRIES

April 1, 1943. Complaint Filed.
April 23, 1943. Answer of individual defendant.
April 23, 1943. Answer of corporate defendant.
Nov. 26, 1943. Plaintiff's motion for summary judgment.
Jan. 12, 1944. Opinion of Court.
Feb. 7, 1943. Judgment.
Feb. 7, 1943. Notice of Appeal.

IN UNITED STATES DISTRICT COURT

Civil 2826

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND OPINION—
January 12, 1944**

SMITH, District Judge:

**This is a civil action under the patent laws to enjoin the
infringement of a patent and to compel an accounting for**

profits. The plaintiff is admittedly the owner of the patent in suit under an assignment by the defendant Nicholas Marcalus. The only issue raised in the pleadings of the respective parties is that of infringement.

The action is before the Court at this time on a motion for summary judgment filed by the plaintiff pursuant to Rule 56 of the Rules of Civil Procedure, 28 U. S. C. A. foll. 723(c), and is submitted on the pleadings, affidavits, depositions, and exhibits. It clearly appears from this record that there is "no genuine issue as to any material fact" within the meaning of the said rule.

It is conceded by the plaintiff and the defendants that the issue of infringement may be decided on the present record. The patent in suit is a simple one and may be construed by the Court without the assistance of experts. This [fol. 2] is equally true of the prior art patent, upon which the defense of non-infringement primarily rests. The ultimate issue of fact, that of infringement, as here raised, is subordinate to the principal issue of law, the construction of the patents. The parties are in substantial agreement on the evidence and admit that on a trial of the action no additional evidence would be offered.

Facts

The plaintiff, Automatic Paper Machinery Company, Inc., is, and was since February 2, 1932, the owner of Patent No. 1,843,429, issued on the application of the defendant Nicholas Marcalus, who, prior to the issuance thereof, assigned all right, title, and interest therein to the plaintiff. The patent issued on the application as filed and after the said defendant had withdrawn from the plaintiff, of which he was, at the time of the assignment, and had been since 1924, an officer and employee.

The defendant Nicholas Marcalus, under circumstances not material to the present controversy, withdrew from the plaintiff in 1931, and in 1932 organized the defendant Marcalus Manufacturing Company, a corporation, of which he is, and has been since its organization, the president and principal stockholder. The only other officers and stockholders are, and have been, his wife and son. The defendant Marcalus Manufacturing Company is undoubtedly the alter ego of the defendant Nicholas Marcalus.

The defendant Marcalus Manufacturing Company is, and has been since its organization, engaged in the manu-

facture of dispensing boxes, in competition with the plaintiff. It is here charged that the machine or press employed by this defendant in the manufacture of the said boxes is [fol. 3] an infringement of the patent in suit, and particularly claims 3, 4 and 7 thereof.

The patent in suit, hereinafter referred to as the Marcalus patent, embraces eleven claims and covers "a method and machine for mounting a cutting strip of a hard non-metallic substance on an edge of a box blank." Claim 4, which is typical, defines the machine as follows:

"In a press for mounting a cutter upon a box blank, the combination of a reciprocable ram, means for feeding a sheet of cutter material into overlapping relation to a box blank beneath the ram, means for severing a cutter from the sheet and securing it to the blank on each downward movement of the ram, and means operated by each upward movement of the ram for actuating the sheet feeding means."

The method claims, 10 and 11, are directed to the successive operations performed by the respective elements of the machine. It seems unnecessary, therefore, to separately consider these claims.

The accused machine is identical in its basic structural elements with the combination defined in the quoted claim. This identity is easily demonstrated by comparing the elements of the invention, as defined in the quoted claim, with the elements embodied in the accused machine. This comparison, with the elements of the accused machine described in parentheses, follows:

"In a press for mounting a cutter upon a box blank," (a punch press of common construction adapted to the peculiar operations) "the combination of a reciprocable ram," (a ram of common construction adapted to the peculiar operations) "means for feeding a sheet of cutter material into overlapping relation to a box blank beneath the ram," (a delivery roller and a pair of feed rollers arranged in series to guide and feed the material to a pair of cutting dies) "means for severing a cutter from the sheet and securing it to the blank on each downward movement of the ram," (a pair of serrate cutting dies, one fixed and the other moveable, so mounted

above an anvil, as to permit the severance of the material and its attachment to the box blank in a single operation) "and means operated by each upward movement of the ram for actuating the sheet feeding means." (a combination of a ratchet wheel and a reciprocating pawl so mounted that on each upward movement of the ram the ratchet wheel is moved counter-clockwise, thereby rotating the feed rollers).

Any doubt on the question of encroachment is dissipated upon reference to the specifications of the patent. It is obvious that the accused press is similar in both construction and operation to the press described and illustrated in the specifications, and differs only in the arrangement of its structural elements. This rearrangement of elements, without the production of any new or different result, is not a sufficient departure from the invention to avoid the charge of infringement.

The defendants, in support of their defense of non-infringement, offer in evidence the Inman patent, (No. 1,036,851), which expired on August 27, 1929, more than two years before the Marcalus patent issued. It is the contention of the defendants that the accused machine follows the teachings of the Inman patent, which they have a right to appropriate without subjecting themselves to liability for infringement.

The Inman patent is a complete anticipation of the Marcalus patent. The subjects of the respective patents are substantially identical and are adapted to, and intended [fol. 5] for, the same use. The machine of the Inman patent differs from the machine of the Marcalus patent only in the arrangement of its structural elements. It is significant that the accused machine reads element for element on the claims of either patent, and without the substitution of equivalent expedients.

It is obvious that under these facts the principal question presented for decision is one of law—May the defendants defeat the assignment and the estoppel inherent therein by their resort to the prior art? It is our opinion that they may not.

Discussion

It is conceded that under well settled principles the assignor of a patent, although estopped to deny the validity

of his patent, is free to deny and meet the charge of infringement made by his assignee. This general rule, however, is not without limitation. The limitation, as here applicable, was defined by the Supreme Court in the case of *Westinghouse Co. v. Formica Co.*, 266 U. S. 342, 350, wherein the rule was stated as follows:

"If one lawfully conveys to another a patented right to exclude the public from the making, using and vending of an invention, fair dealing should prevent him from derogating from the title he has assigned, just as it estops a grantor of a deed of land from impeaching the effect of his solemn act as against his grantee. The grantor purports to convey the right to exclude others, in the one instance, from a defined tract of land, and in the other, from a described, and limited field of useful arts. The difference between the two cases is only the practical one of fixing exactly what is the subject matter conveyed. A tract of land [fol. 6] is easily determined by survey. Not so the scope of a patent right for an invention.

"As between the owner of a patent and the public, the scope of the right of exclusion granted is to be determined in the light of the state of the art at the time of the invention. Can the state of the art be shown in a suit by the assignee of a patent against the assignor for infringement to narrow or qualify the construction of the claims and relieve the assignor from the charge? . . . We think, . . . , in view of the peculiar character of patent property, . . . the state of the art may be considered. Otherwise the most satisfactory means of measuring the extent of the grant the Government intended and which the assignor assigned would be denied to the court in reaching a just conclusion. OF COURSE, THE STATE OF THE ART CAN NOT BE USED TO DESTROY THE PATENT AND DEFEAT THE GRANT, BECAUSE THE ASSIGNOR IS ESTOPPED TO DO THIS. But the state of the art may be used to construe and narrow the claims of the patent, conceding their validity. The distinction may be a nice one but seems to be workable." (Emphasis by this Court.)

The rule permits the introduction of evidence of the prior art for the sole purpose of defining the limits of the patent grant and the co-extensive estoppel, but the limitation embodied in the rule precludes the introduction of such evidence for the purpose of destroying the grant and defeating the assignment. The application of the rule is clearly circumscribed by the limitation.

The claims, as the measure of the patent grant, determine the scope of the estoppel, and, as between the assignor and the assignee, should be liberally construed so as to prevent any derogation of the assignment. The estoppel, as thus determined, extends to every device or method [fol. 7] within the fair meaning of the claims. *Leader Plow Co. v. Bridgewater Plow Co.*, 237 Fed. 376, 377; *Piano Motors Corporation v. Motor Player Corporation*, 282 Fed. 435, 437; *Libbey Glass Mfg. Co. v. Albert Pick Co.*, 63 F. 2d 469, 470; *Stubnitz-Greene Spring Corp. v. Fort Pitt Bedding Co.*, 110 F. 2d 192, 197. Since the claims must be construed in the light of the prior art, the assignor may invoke the prior art but for the sole purpose of limiting the claims and their coextensive estoppel. The assignor, however, may not invoke the prior art for the ostensible purpose of limiting the claims, but for the real purpose of challenging their validity for lack of novelty. *Alvin-Mfg. Co. v. Sharling*, 100 Fed. 87; *Hurwood Mfg. Co. v. Wood*, 138 Fed. 835; *Automatic Switch Co. v. Monitor Mfg. Co.*, 180 Fed. 983; *Piano Motors Corporation v. Motor Player Corporation*, *supra*; *Swan Carburetor Co. v. General Motors Corporation*, 42 F. 2d 452, *aff'd* 44 F. 2d 24; *Libbey Glass Mfg. Co. v. Albert Pick Co.*, *supra*; *Cross Paper Feeder Co. v. United Printing Mach. Co.*, 220 Fed. 313, modified 227 Fed. 600. The assignor will not be permitted to defeat the estoppel by indirection.

It seems reasonably clear that under these principles the defense of non-infringement, although available to the defendants, may not rest, as it does here, solely on the Inman patent. This patent not only negatives infringement but it invalidates the Marcalus patent and defeats the assignment. If we were to permit the defense of non-infringement to rest on the Inman patent, the defendants would achieve, by indirection, the destruction of the Marcalus patent and the defeat of its assignment, and this the defendants may not do. But see *Casco Products Corporation v. Sink Tool & Mfg. Co.*, 116 F. 2d 119, 121; *Dixie-Vortex Co. v. Paper*

[fol. 8] *Container Mfg. Co.*, 130 F. 2d 569, 577. These decisions, however, were in suits by licensors against their licensees.

The contention of the defendant Marcalus Manufacturing Company that the estoppel does not extend to the corporation is untenable. It is well established that the estoppel is effective against the assignor and all those in privity with him, including a corporation of which he is an officer and stockholder. *Mathews Gravity Carrier Co. v. Lister*, 154 Fed. 490; *Onondaga Indian Wigwam Co. v. Ka-Noo-No Indian Mfg. Co.*, 182 Fed. 832; *Leader Plow Co. v. Bridgewater Plow Co.*, *supra*; *Piano Motors Corporation v. Motor Player Corporation*, *supra*; *Buckingham Products Co. v. McAleer Mfg. Co.*, 108 F. 2d 192.

The affirmative defenses of laches and estoppel, which the defendants raise for the first time in their answering affidavit, are not considered because they were not pleaded as required by Rule 8(c) of the Rules of Civil Procedure. It is our opinion, however, that the facts stated in the affidavit will not support either defense, and for that reason we are not inclined to grant the defendants leave to amend their pleading.

Conclusions

The machine used by the defendants in the manufacture of dispensing boxes is an infringement of the patent in suit, the validity of which the defendants are estopped to deny. The said infringement will be enjoined and the defendants will be required to account to the plaintiff for the profits realized from this use of the infringing machine.

The plaintiff shall submit, on notice to the defendants, a proper decree.

[fol. 9] IN UNITED STATES DISTRICT COURT

Civil—2826

INTERLOCUTORY JUDGMENT

This cause having come on to be heard on plaintiff's motion for summary judgment under Rule 56, Rules of Civil Procedure, on the pleadings, deposition and affidavits herein, it is

Ordered, adjudged and decreed:

1. That, except as to the amount of damages, there is no genuine issue of any material fact within the meaning of Rule 56.

2. That plaintiff, being entitled to a judgment as a matter of law, its motion for summary judgment be, and the same hereby is granted.

3. That plaintiff, Automatic Paper Machinery Company, Inc., is now and has been, since its date of issue, the sole owner of the patent in suit No. 1,843,429, and of all claims for profits and damages arising out of all infringements of it.

4. That defendants are estopped to deny the validity of Patent No. 1,843,429.

5. That since the issue of Patent No. 1,843,429, and prior to the filing of the complaint in this suit, the defendants, Marcalus Manufacturing Company, Inc., and Nicholas Marcalus have made and used in the United States machines for mounting cutters on box blanks which machines embody the invention of that patent and, in particular, the invention defined in Claims 1, 2, 3, 4, 7 and 8 thereof, and that they have infringed those claims after notice of infringement.

[fol. 10] 6. That perpetual injunctions issue out of and under the seal of this Court directed to the defendants, Marcalus Manufacturing Company, Inc., and Nicholas Marcalus, their officers, directors, employees, agents and workmen and all claiming or holding under or through either, enjoining and restraining them and each of them during the remainder of the term of Patent No. 1,843,429 from directly or indirectly, making, using or selling or offering for sale machines for mounting cutters on box blanks embodying the invention described in that patent and secured by its claims, Nos. 1, 2, 3, 4, 7 and 8 and from in anywise infringing upon plaintiff's exclusive rights in the premises.

7. That the plaintiff recover from defendants the profits that each of them has derived, received or made by reason of its or his infringement of the patent in suit and that plaintiff also recover from the defendants all damages which it, the plaintiff, has sustained by reason of those infringements.

8. That this cause be referred to * * * as a Special Master of this Court, to take and state an account of the defendants' profits, to assess the plaintiff's damages and to report thereon to this Court with all convenient speed, and that the defendants, their officers, agents and employees are hereby directed and required to attend before the Master from time to time as he shall direct and to produce before him such apparatus, books, papers, vouchers, documents and writings as he may require, and to submit to such oral examination, or otherwise as he may require in connection with the accounting and the assessing of damages.

[fol. 11] 9. That plaintiff recover the costs of this litigation including the costs of the accounting ordered by this judgment; all to be taxed by the clerk.

Approved:

Smith, United States District Judge.

February 8th, 1944.

(Here follow 4 photolithographs, side folios 12-15)

Plaintiff's Exhibit 4

Patented Feb. 2, 1932

1,843,429

UNITED STATES PATENT OFFICE

NICHOLAS MARCALUS, OF ELIZABETH, NEW JERSEY, ASSIGNOR TO AUTOMATIC PAPER MACHINERY CO. INC., A CORPORATION OF NEW JERSEY

MOUNTING CUTTERS ON BOX BLANKS

Application filed December 4, 1930. Serial No. 499,959.

This invention relates to the manufacture of boxes for the dispensing of rolled paper and has to do particularly with a method and machine for mounting a cutting strip of hard non-metallic substance on an edge of box blank.

In my Patent No. 1,630,495 I have described and claimed a dispensing box for filled paper provided with a serrated metal cutter secured to the upper edge of the front wall of the box, across which cutter the paper is torn after the desired length has been unrolled. This box has been successfully used commercially as a dispensing container for rolled waxed paper. When the paper is used up the box is thrown away. It is not refilled. The entire package including the box with its cutter and the roll of paper must be sold for a few cents which means that the box itself with the cutter must cost not more than half a cent—preferably less. One of the important items contributing to the cost of the box is the metal out of which the cutter is fashioned. Cheaper materials, indurated paper such as stencil board, stiff parchmentized paper and the like, have been proposed, but their use has necessitated relatively expensive preforming and stapling operations.

In accordance with the present invention I have provided a method and a machine by means of which a sheet of indurated paper and a box blank are fed to a press, in overlapping relationship, and a cutting element severed from the forward end of the sheet and secured along the edge of the box blank in what is substantially one operation. Properly spaced spots of glue are applied to the indurated paper or the box blank as they are fed forward, and the blow of the press which applies pressure to the overlapping glued members also severs the glued strip from the indurated paper to form the cutter and in so doing serrates its cutting edge. In order that the shearing operation which severs the cutting element from the sheet of cutter material shall not disturb the relation between that element and the box blank, I so arrange the press that pressure is applied to the overlapping edges of the blank

and the cutter material slightly before the shearing operation and is continued slight thereafter.

In the accompanying drawings I have illustrated a machine embodying my invention and also a completed box manufactured in accordance with it. In these drawings, Figure 1 is a front elevation, partly in section, of a press embodying the invention; Figure 2 is a horizontal section taken along line 2-2 of Figure 1 and Figure 3 is a group of details of the completed box.

In these drawings, 1 indicates a punch press of ordinary construction, except as redesigned in accordance with my invention. Mounted on the vertically reciprocable ram 30 of the press is a spring-pressed pressure member 2 and a shearing die 3 provided with a serrated cutting edge. An anvil 15 is bolted on the bed of the press and co-operates with the parts carried by the ram. Mounted within this anvil are two spring-pressed plungers 16 designed to co-operate with the presser 2 to hold the box blank B, during the shearing operation, and two similar spring-pressed plungers 20 are designed to bear against the sheet of cutter material C at the same time. The anvil is also provided with a fixed shearing die 17 having a serrated edge and designed to co-operate with the movable die 3. On either side of the anvil are mounted stops 18 which serve to position the blank B while the spring-pressed plungers 16 serve as positioning stops for the cutter material C.

Mounted on a bracket on the lower right-hand side of the press, as viewed in Figure 1, is a jumbo roll 14 of indurated paper or stencil board which forms the cutter material. This paper is fed upward and horizontally forward against the plungers 16 by passing between feed rollers 9 and 13. The roller 13 is preferably a cylindrical roller extending the full width of the cutter material, but, as illustrated in Figure 2, there are two roller sections 9. Mounted on the same shaft as the roller sections 9 are three glue-applying rollers or disks, 8 provided with a plurality of peripherally spaced glue-applying areas. Mounted adjacent the roll-

ers 8 and 9, and contacting with the former, are three glue-feeding rollers or disks 10 which dip within a glue trough 11, electrically heated by means of heating coils 12, and transfer glue to the glue-applying disks 8. A doctor 25 regulates the amount of glue picked up by the glue-feeding rollers 10 and carried by them to the glue disks 8. The rollers 13, 8, 9 and 10 are geared to rotate in unison through gear chains 22, 23 and 24.

An arm 4, carried by the ram, is connected by means of a link 5 to an oscillating arm 31 loosely mounted on the shaft carrying the rollers 8 and 9. This arm 31 is provided with a pawl 6 co-operating with a ratchet 7 fixed to the shaft. During each downward movement of the ram the pawl 6 slides over the ratchet teeth, but on each upward movement it engages one of the teeth and rotates the feeding rollers 9, and with them the feeding roller 18 and the glue disks 10. This rotation feeds the cutter material forward and applies spots of glue to its upper face.

The operation of the machine is as follows: With the cutter material C in the position illustrated in Figure 1 with its forward edge abutting against the spring-pressed plunger 16, the operator places the box blank B against the stops 18 so that its forward edge overlaps the forward end of the cutter material, the parts then occupying the position shown in Figure 1. Upon the next downward movement of the ram, the presser 2 forces the forward edge of the box blank into contact with the glued forward end of the cutter material and exerts sufficient pressure to join the two. The same blow of the press shears a cutting element from the forward end of the sheet of cutter material between the upper movable die 3 and the lower fixed die 17. The pressing and cutting actions are effected almost simultaneously, but as the presser 2 extends normally slightly below the movable die 3, as illustrated in Figure 1, pressure on the overlapping blank and cutter material is effected slightly before the shearing action takes place, so that the parts are firmly held together during the shearing action. On the return movement of the ram, due to the action of the presser spring, the shearing dies separate slightly before the presser releases its pressure on the blank and cutter, thus insuring that the stripping of the dies shall not, in any way, disturb the relation between the severed cutter and the blank. During the upward movement of the ram the operator removes the blank upon which the cutter has been mounted and substitutes a new blank. Meanwhile, through the operation of the pawl and ratchet 6 and 7, the cutter sheet has been fed forward again against the plungers 16 and the parts are in readiness for a second operation. The glue disks 8 apply the requisite amount of glue in three spots as the cutter material is fed

forward, these glue spots being so positioned as to fall beneath the overlapping end of the box blank during the pressing operation, but so as not to extend beyond the edge of the blank and appear on the serrated edge.

After each pressing and severing operation the blank is provided with a serrated cutting edge as illustrated clearly in Figure 2, the serrations extending slightly beyond the forward edge of the blank.

Figure 3 illustrates a blank with its cutting edge after it has been folded into box form, and also illustrates the manner in which the rolled paper within the box is unwound and torn off along the serrated cutting edge.

By means of the method and machine of my invention I am enabled to use a cutter material cheaper than metal. By mounting the cutter on the box blank and severing it at one blow of the press, and by feeding the cutter material automatically I can further reduce the cost of operation.

I claim:

1. In a machine for mounting a cutter upon a box blank, the combination of means for feeding a sheet of cutter material into overlapping relation to a box blank, means for securing the forward end of the cutter material to the blank and means for severing said forward end to form a cutter.

2. In a machine for mounting a cutter upon a box blank, the combination of means for feeding a sheet of cutter material into overlapping relation to a box blank, means for applying glue, means for pressing the overlapping edges together, and means for severing the forward end of the cutter sheet to leave a cutter on the blank with its cutting edge extending slightly beyond the blank.

3. In a machine for mounting a cutter upon a box blank, the combination of means for unwinding a sheet of cutter material from a roll and feeding it into overlapping relation to a box blank, means for applying glue, means for pressing the overlapping edges together, and means for severing the forward end of the cutter sheet to leave a cutter on the blank with its cutting edge extending slightly beyond the blank.

4. In a press for mounting a cutter upon a box blank, the combination of a reciprocable ram, means for feeding a sheet of cutter material into overlapping relation to a box blank beneath the ram, means for severing a cutter from the sheet and securing it to the blank on each downward movement of the ram, and means operated by each upward movement of the ram for actuating the sheet feeding means.

5. In a press for mounting a cutter upon a box blank, the combination of a reciprocable ram, a yieldable presser and a shearing die carried by the ram, a fixed co-operating anvil and shearing die, means for feeding a sheet of cutter material between the ram and the anvil in over-lapping relation to a box

blank, and means for applying glue to the cutter material as it is fed forward; the downward movement of the ram operating to press the overlapping edges together and over the forward end of the cutter sheet to leave a cutter glued to the blank with its cutting edge extending slightly beyond the blank.

6. In a press for mounting a cutter upon a box blank, the combination of a reciprocable ram, a yieldable presser and a serrated shearing die carried by the ram, a fixed co-operating anvil and shearing die, means for feeding a sheet of cutter material between the ram and the anvil in overlapping relation to a box blank, and means for applying glue to the cutter material as it is fed forward; the downward movement of the ram operating to press the overlapping edges together and over the forward end of the cutter sheet to leave a cutting element glued to the blank with its serrated cutting edge extending slightly beyond the blank, the action of the presser preceding that of the shearing die and continuing until after the material has been stripped from the die.

7. In a press for mounting a cutter upon a box blank, the combination of a ram, a presser and a cutting die carried by the ram, feed rollers for feeding a sheet of cutter material beneath the presser and cutting die and into overlapping relation to a box blank, and means for applying glue to the cutter material as it is fed forward; the downward movement of the ram operating to secure the forward end of the cutter material to the blank and sever it to form a cutter.

8. In a press for mounting a cutter upon a box blank, the combination of a ram, a presser and a cutting die carried by the ram, feed rollers for feeding a sheet of cutter material beneath the presser and cutting die and into overlapping relation to a box blank, means for applying glue to the cutter material as it is fed forward; the downward movement of the ram operating to secure the forward end of the cutter material to the blank and sever it to form a cutter; and means actuated by the upward movement of the ram to rotate the feed rollers to feed the cutter material forward again.

9. In a press for mounting a cutter upon a box blank, the combination of a ram, a presser and a cutting die carried by the ram, feed rollers for feeding a sheet of cutter material beneath the presser and cutting die and into overlapping relation to a box blank; and glue rollers for applying spots of glue to the cutter material as it is fed forward; the downward movement of the ram operating to secure the forward end of the cutter material to the blank and sever it to form a cutter; and means actuated by the upward movement of the ram to rotate the feed rollers to feed the cutter material forward again.

10. The method of mounting a non-metallic cutter upon a box blank which comprises placing a sheet of cutter material into overlapping relation to a box blank, applying glue, pressing the overlapping parts to join them, and while still under pressure severing the cutter material to leave a cutter glued to the blank with its cutting edge extending beyond the blank.

11. The method of mounting a non-metallic cutter upon a box blank which comprises placing a sheet of cutter material and a box blank with their edges overlapping, applying glue, pressing the overlapping parts to join them, and while still under pressure severing the cutter material to leave a cutter with a serrated cutting edge glued to the blank with its cutting edge extending slightly beyond the blank.

In testimony whereof I affix my signature. ss
NICHOLAS MARCALUS.

70

75

80

85

90

100

105

110

115

120

125

130

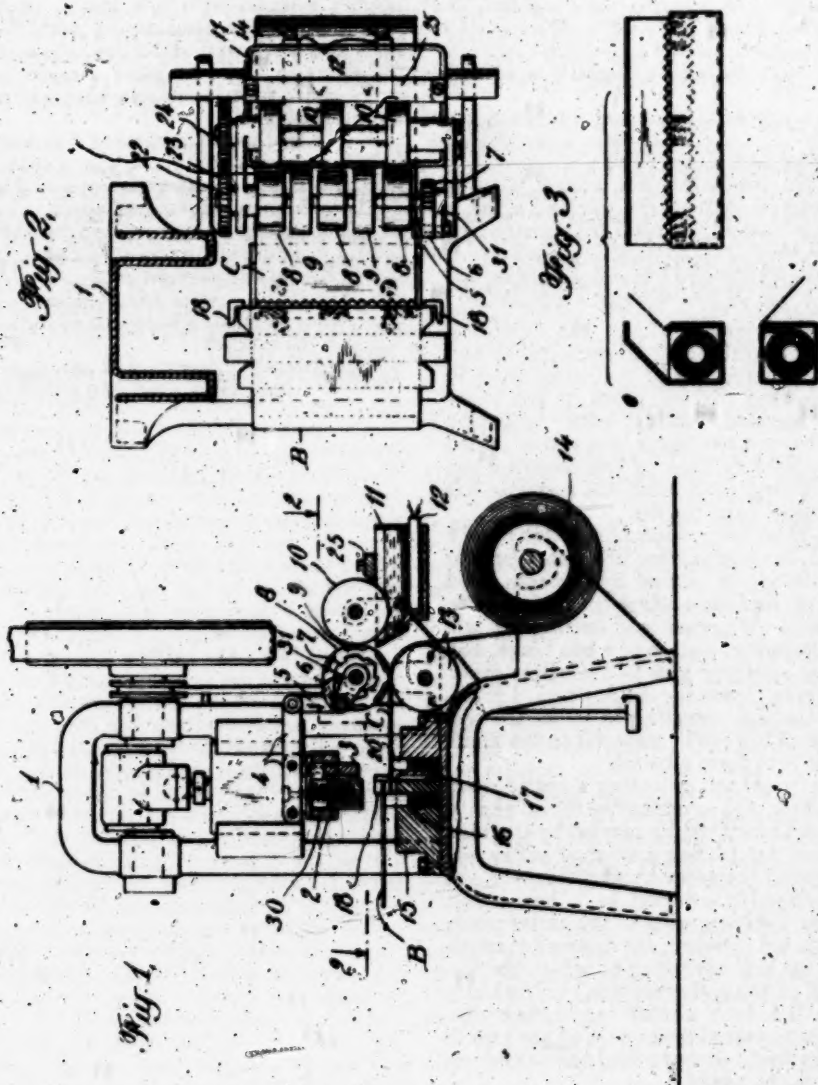
Feb. 2, 1932.

N. MARCALUS

1,843,429

MOUNTING CUTTERS ON BOX BLANKS

Filed Dec. 4, 1930



INVENTOR
Nicholas Marcalus
 BY
Reunis, Davis, Mason, & Edwards
 ATTORNEYS

[fol. 16] IN UNITED STATES DISTRICT COURT, DISTRICT OF
NEW JERSEY

Civil Action No. 2826

AUTOMATIC PAPER MACHINERY Co., Inc., Plaintiff,

vs.

MARCALUS MANUFACTURING Co., Inc., and NICHOLAS MAR-
CALUS, Defendants

AFFIDAVIT IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT
—Filed December 6, 1943

COUNTY OF NEW YORK,
State of New York, ss:

Donald J. Overocker, being first duly sworn, deposes and
says as follows:

I am of legal age, an attorney at law, and am employed
by the firm of Darby & Darby. I have worked in close asso-
ciation with Mr. Samuel E. Darby, Jr., a member of that
firm, in the preparation for the defense of this action, and
am familiar with the facts relevant thereto.

I have read and I understand the affidavits of George
E. Middleton and Rosswell H. Rausch in support of plain-
tiff's motion for summary judgment.

The facts of the case, which it is believed conclusively
prevent summary judgment and necessitate a trial on the
merits, are as follows:

1. Although the patent in suit issued to defendant, Nicho-
las Marcalus, the principal defendant in this case is a cor-
poration, and as such, by Paragraph 7 of its answer, the
[fol. 17] corporate defendant attacks the validity of the pat-
ent for the reasons therein stated. The patent in suit has
never heretofore been adjudicated, and it appears that the
Marcalus patent is completely anticipated by, or discloses no
patentable invention over the expired patent to Inman No.
1,036,851, granted August 27, 1912 (a copy of which is at-
tached hereto as Defendant's Exhibit 1). It is obvious,
therefore, that the issues presented by the pleadings in this
case may not be disposed of by summary judgment and can
only be resolved after a trial on the merits.

It is true that the patentee Nicholas Marcalus is also named as a defendant in the case, but by the complaint *he* is not charged with, *personally* committing acts of infringement as an individual independently of or apart from his actions as President of the defendant corporation, and Paragraph 2 of his answer specifically denies that he has done so, with the consequence that the complaint must be dismissed as to him. (*Steiner Sales Co. v. Darman Mfg. Co.*, 33 F. Supp. 422, 429, 430; *Telling v. Bellows-Claude Neon Company*, 77 F. (2d) 584, C. C. A. 6, certiorari denied, 56 S. Ct. 108; *Dangler et al. v. Imperial Machine Co.*, 11 F. (2d) 945, 947, C. C. A. 7; *Bowers v. Atlantic G. & P. Co.*, 104 F. 887). In the latter case the Court said (p. 892)—

“He (the individual defendant) is an inhabitant of this district, but has never infringed the complainants’ patents as an individual, and has done nothing in the matter except in his official capacity as secretary and treasurer of the corporation defendant. There is no pretense that the corporation is financially irresponsible or that a decree against it will not give adequate relief. It is hardly probable that the complainants will agree to retain the suit here against the defendant Wood alone, but in any event the weight of the authority is to the effect that the action cannot, in these circumstances, be maintained against him”.

[fol. 18] In an Admiralty Case where the facts were analogous, Judge Maris ruled in the case of *The U. S.* 219 (21 F. Supp. 466, at p. 470)—

“Although Wheaton and Fisher were joined as defendants it is clear that they acted throughout only as officers of Steel and not on their own account. The libel should, therefore, be dismissed as to them.”

Therefore, for the purposes of this motion at least, any inhibition to attack the validity of the patent in suit that might attach to Mr. Marcalus does not attach to the corporation; and the issue of validity of the patent must be tried.

2. It is now generally recognized that there is a public interest involved in every patent infringement suit. Judge Frank, speaking for the Second Circuit Court of Appeals, recently expressed that judicial attitude of the Courts in

Nachman Spring-Filled Corporation v. Kay Manufacturing Corp. (opinion rendered November 18, 1943), saying—

“ * * * *Muncie Gear Co. v. Outboard*, 315 U. S. 759, 766, 768 seems to us to hold that regard for ‘the public interest sought to be safeguarded by the patent statutes and so frequently present but so seldom adequately represented in patent litigation’ requires that an upper court should consider important defenses in such litigation even though not raised in the court below.”

And the Supreme Court, long ago in *Brown v. Pieper*, 91 U. S. 37, held that a Court, *suo sponte*, should hold a patent to be invalid if the Court was of that opinion even though no attack on its validity had been made.

Again, in its recent decision in *Sola v. Jefferson*, 317 U. S. 173, the Supreme Court permitted a licensee under a patent to attack the validity of the patent because of the public interest. Of course a patentee or patent owner is in [fol. 19] no more favorable a position, where public interest is involved, than is a licensee under the patent.

Thus, where it is apparent, as it is here, that the Marcalus patent in suit is so obviously invalid for anticipation by or want of invention over the expired Inman patent, the public interest requires that the Court should invalidate it “so that it should not remain in the art as a scarecrow” (opinion by Judge Learned Hand, rendered November 17, 1943, in *Bresnick, et al. v. U. S. Vitamin Corp.*).

3. On November 27, 1935 (nearly four years after the issuance of the patent in suit) plaintiff instituted suit in this Court against these defendants for alleged infringement of patent rights of plaintiff by reason of defendant's manufacture and sale of rolled waxed paper in dispensing boxes made of cardboard (one of which I have marked Defendant's Exhibit 2). That suit, as is the present one, was entitled *Automatic Paper Machinery Co., Inc. v. Marcalus Manufacturing Co., Inc. and Nicholas Marcalus*, and was designated No. E-5534 in Equity. That suit terminated by the opinion of the Circuit Court of Appeals (Judges Biggs, Maris and Jones, opinion by Judge Biggs, 110 F. (2d) 304) holding that the boxes of defendants constituted no infringement of the patent of plaintiff there involved (which patent was likewise issued to defendant Nicholas Marcalus on May

31, 1927, No. 1,630,495, and a copy thereof is attached hereto as Defendant's Exhibit 3). At the time of the institution of that suit plaintiff knew that the cutting edge of defendants' box was applied to the box blank by machine. A comparison between the box now produced by defendants (Plaintiff's Exhibit 3) and the one charged to infringe in that case (Defendants' Exhibit 2) shows that they are identical, differing only in that the cutting edge of the earlier box was made of metal, fastened to the box cover, whereas in the [fol. 20] present box the cutting edge is made of a non-metallic fiber *glued* to the box cover. Of course, it is well established that a mere *difference in the material upon which a machine operates* does not denote invention (*United States Gypsum Co. v. Consolidated*, 130 F. (2d) 888, C. C. A. 6).

It is apparent that one or more of the claims of the Marcalus patent here in suit would read upon any machine for producing defendants' earlier box. For example, claim 1 recites—

"In a machine for mounting a cutter upon a box blank, the combination of"—

- (1) "means for fitting a sheet of cutter material into overlapping relation to a box blank",
- (2) "means for securing the forward end of the cutter material to the blank", and
- (3) "means for severing said forward end to form a cutter".

From this it will be seen that the claim is not concerned with the *structure* of the various parts of the machine for performing the recited functions, but merely defines these as "means". Therefore, the mere knowledge that defendant was producing by machine his box challenged as an infringement inevitably was also knowledge that its production by machine inevitably would constitute infringement, in terms, of the Marcalus patent here in suit. But the Court of Appeals for this Circuit decreed that the box did *not* infringe the patent rights of plaintiff, and I am informed and believe, and therefore state, that throughout the years since the defendant corporation was formed in 1932 it has manufactured and sold these boxes. It therefore becomes obvious [fol. 21] that plaintiff is estopped to assert infringement of

the patent in suit, or of any other patent of plaintiff of which it was possessed at the time of institution of its prior suit against these defendants on November 27, 1935— (a) because of failure to assert such claim at that time (*Robinson on Patents*, Section 1108, Note 1; *Clephane on Pleadings and Practice*, 1926, p. 212, "Splitting Demands"; *Hays v. Bicklehaupt*, 25 F. Rep. 183); and (b) because of its laches in failing sooner to assert such claim at some time throughout all the years that defendant has been manufacturing the same box structure in the same manner (Cf. *Triplex v. Kolb*, 53 F. (2d) 1062, Judge Kirkpatrick; *Cinema v. Warner Bros.*, 55 F. (2d) 948, affirmed 66 F. (2d) 744).

It may be that the answer of the corporate defendant may require amendment to crystallize these issues, but the fact remains that these issues may not be disposed of by summary judgment.

4. Wholly apart from any issues of validity of the patent in suit or the right of plaintiff to maintain this suit, *the defendants by their answer deny infringement of the patent in suit* and it is my opinion that there is no infringement. It is well settled law that even a literal application of a patent claim does not prove infringement—it merely suggests infringement (*Westinghouse v. Boyden*, 170 U. S. 536, 568; *Tostevin-Cottie Mfg. Co. v. Ettinger*, 254 F. 434, 435, C. C. A. 2nd, C. C. A. 2d). As the Court said in the latter case—

"If a claim cannot be read on a defendant's device, there can be no infringement; but if it can be so read, infringement is suggested, not proved. The prior art, as well as the disclosure, must still be studied."

[fol. 22] And, in the former case, the Court said—

"The patentee may bring the defendant within the letter of his claims, but if the latter has so far changed the principle of the device that the claims of the patent, literally construed, have ceased to represent his actual invention, he is as little subject to be adjudged an infringer as one who has violated the letter of a statute has to be convicted, when he has done nothing in conflict with its spirit and intent."

With respect to the "principle of operation", it should be noted that Mr. Rausch's affidavit states (p. 3)—

"The principle of operation of this machine (defendants' machine here charged to infringe illustrated in Plaintiff's Exhibit 1) and that of the machine of the patent in suit are the same". (Matter in parenthesis mine.)

This statement is flatly refuted by the patent itself. It should be noted that the last two claims of the patent in suit (Nos. 10 and 11) are for a "method". They outline and define, as only a method claim can, the "principle of operation" of the machine of the patent. The method there defined consists of the following sequential steps:

- (1) Placing a sheet of cutter material into overlapping relation to a box blank;
- (2) Applying glue;
- (3) Pressing the overlapping parts to join them; and
- (4) Severing the cutter material to leave a cutter glued to the blank with its cutting edge extending beyond the blank.

[fol. 23] From this it will be seen that the glue is not applied (Step #2) until *after* the cutter material and the box blank are placed with their edges overlapping (Step #1). In defendants' machine charged to infringe it is obvious that the cutter material has the glue applied to it *before* it is placed in position with respect to the box blank. Consequently, it is believed to be conclusively shown that the "principle of operation" of defendants' machine and that of the patent in suit are radically different.

With respect to the prior art, in my opinion it is equally as obvious that the defendants' machine does not and cannot infringe the patent in suit because the defendants' machine, in every material respect, is the same as that of the Inman patent No. 1,036,851 (Defendants' Exhibit 1 attached hereto). This patent expired on August 27, 1929—*three years prior to 1932 when the defendant corporation was organized*, and therefore the machine disclosed thereby was available for use by anyone. The corporate defendant adopted and is using that machine as defendant—like any other member of the public—had the right to do, and neither the patent in suit nor any other unexpired patent can prevent defendant or anyone else from doing so. The identity

of defendants' machine (see the drawings, Plaintiff's Exhibit 1) with that of the expired Inman patent is believed to be obvious. They both apply glue to the undersurface of the material which is to be pasted onto the box blank. They both utilize a power actuated cutter and presser for severing the edge of that material and pressing it to the blank. They both utilize the vertical movement of the cutter and presser to intermittently feed the said material a predetermined and adjustable distance. There is complete identity between the two. The last paragraph of the specifications of the Inman patent states (p. 2, l. 43)—

[fol. 24] "The machine is especially designed for making paper boxes and pasting the strips upon the blanks from which the paper boxes are folded but it may be used for any other purpose where it is desired to paste strips upon something."

Therefore, regardless of any question of *validity* of the Marcalis patent in suit, the claims thereof may not be given an interpretation and scope which would cause them to be read or be readable on the expired Inman patent. Inasmuch as there is no material difference between defendants' machine and that of the expired Inman patent, the claims of the patent in suit may not be given an interpretation or scope which would hold defendants' machine as an infringement of the claims of the patent.

It is obvious, therefore, that the issue of infringement may not be disposed of by summary judgment.

Conclusion

By the foregoing I have endeavored to enumerate and crystallize four separate and independent reasons why the issues of this case may not be disposed of by summary judgment. Any one of them, alone, in my opinion, is sufficient for that purpose.

Donald J. Overocker.

Sworn to and subscribed before me this 2nd day of December, 1943. Eileen Lamerson; Notary Public, Kings County. Kings Co. Clk's No. 39, Reg. No. 4036. N. Y. Co. Clk's No. 48, Reg. No. 4-L-34. Commission Expires March 30, 1949. (Seal.)

(Here follow 3 photolithographs, side folios 25-27)

Defendant's Exhibit 1.

UNITED STATES PATENT OFFICE.

HARRY A. INMAN, OF AMSTERDAM, NEW YORK.

PASTING-MACHINE.

1,036,851.

Specification of Letters Patent.

Patented Aug. 27, 1912.

Application filed November 15, 1911. Serial No. 660,445.

To all whom it may concern:

Be it known that I, HARRY A. INMAN, a citizen of the United States, residing at Amsterdam, in the county of Montgomery and State of New York, have invented certain new and useful Improvements in Pasting-Machines, of which the following is a specification.

My invention relates to pasting machines and the objects of my invention are to construct a machine by which paste or glue may be applied to long strips of paper and the strips of paper cut off in desired lengths and pasted or glued upon the desired material.

Other objects of my invention will appear as I proceed with the description of the machine.

I obtain these objects by means of the mechanism illustrated in the accompanying drawing in which—

Figure 1 is a plan view of my machine. Fig. 2 is a sectional elevation along the lines X, X, Fig. 1.

Similar letters and numerals refer to similar parts throughout the several views.

The machine consists of a frame or table A.

B, E and G are shafts mounted in suitable bearings in or attached to the frame A. The shaft B is a driving shaft and has loosely mounted upon one end thereof the pulley C by which the power is applied. There is also fastened on the shaft B the gear wheel D which meshes with and drives the gear wheel F mounted upon the shaft E and the gear wheel H mounted upon the shaft G. Mounted upon the supporting rails 16, 16 on the top of the frame A are suitable bearings for the rollers 17, 18 and 22.

20 is a vat adapted to contain liquid glue or paste. Attached to the sides of the vat are lugs 29, 29 by which the vat 20 is supported upon the rails 16, 16. The rollers 19, 19 are mounted upon a shaft in bearings formed in the sides of the vat 20 so that the lower portion of the rollers will be located within the vat 20 and submerged in the viscous substance contained in the vat so that the rollers 19, 19 will carry glue from the vat 20 to the strip of paper passing over the rollers. A scraper 21 is attached to the vat in any suitable manner so as to remove surplus paste from the rollers 19, 19.

S is the roll of paper to be pasted and is mounted upon the roller 23 supported by the brackets 24, 24 from the frame A.

22 is a guide roller mounted upon the supporting rails 16, 16 in such a position as to properly guide the paper from the roller 23 to the pasting rollers 19, 19. The strip of paper to be pasted or glued is passed over the roller 22 and over the pasting rollers 19, 19 and under the guide rollers 18 and 17 and through the feed rolls 25 and 26, and between the knives 12 and 14 to the table 15. The rollers 17 and 18 also serve to hold the strip at proper tension.

12 is a knife mounted in the movable presser foot 11.

14 is a stationary knife mounted upon the bed-plate 13. The feed rolls 25 and 26 are mounted in the uprights 27, 27 on the frame A and are geared together. Power is applied to the roll 25 by means of the notched rack N operated by the gear wheel H and meshing with the notched teeth upon the pinion J mounted loosely upon the projecting end of the shaft of the feed roll 25. The rack N is attached to the gear wheel H by the pin s. By adjusting the position of the pin s in the slot in the gear wheel H the length of the feed and the length at which the strips of paper are cut off may be regulated as desired. The pinion J has guide plates fixedly attached to each side thereof. To one of these guide plates is attached the pawl L adapted to engage in the notched wheel K attached to the shaft of the feed roll 25. The pawl L is held in engagement with the wheel K by the spring M.

On the frame A is mounted the bed-plate 13 to which is fixed the stationary knife 14. At each end of the bed-plate 13 are fixed vertical guide rods 10, 10. The presser foot 11 has pins 31, 31 projecting from each end. The pins 31, 31 are connected by links 30, 30 and by the pins 32, 32 to the gear wheel F and the crank 33. The gear wheel F and the crank 33 are fastened on opposite ends of the shaft E. 35 represents the work or material lying on the table 15 to which the strips are to be pasted. The shaft B also has a clutch 40 of any suitable construction mounted upon it and adapted to be thrown in or out of engagement with the pulley C by means of the foot pedal 41 or any similar suitable arrangement. The operator pressing upon the foot pedal 41 or standing upon it causes the clutch to engage and the shaft B to revolve. By continuing the weight upon the pedal the machine will run and feed the paper through it continuously or

the operator may press down simply long enough for the shaft to make one revolution, and one operation of the cutter and presser foot at a time.

5 The operation of my pasting machine is as follows: The power is applied to the pulley C causing it to revolve in the directions indicated by the arrow as shown in Fig. 2.
 10 The pulley C being loosely mounted upon the shaft B runs continuously and causes the shaft B to revolve carrying with it the gear wheel D only when pressure upon the foot pedal 41 causes the clutch 40 to engage the pulley C. The gear wheel D causes the
 15 gear wheels F and H to revolve in the directions indicated. The pin *n* on the gear wheel H being eccentric will impart an upward and downward movement to the rack N and cause the pinion J and the guide
 20 plates to oscillate thus carrying the pawl L up and down and backward and forward. Each time the rack N moves back it engages the notched wheel K and causes the feed
 25 rolls 25 and 26 to revolve and feed forward the strip of paper S. The pins 32, 32' on the gear wheel F and the crank 33 being eccentric and in line with each other will
 30 impart an upward and downward motion to the presser foot 11 carrying the knife 12. The length of the stroke of the presser foot 11 is so adjusted that it will cause the knife to shear or cut off the portion of the paper
 35 fed between the knives and continues the downward stroke a sufficient distance to cause the presser foot 11 to press the severed part of the strip S upon the material 35 upon which it is to be pasted.

Constructed in this way the pasting ma-

chine in one operation will take the paper from the roll and apply the glue in strips and cut off the strips in the desired lengths and paste them upon the material to which it is desired to be pasted. The machine is especially designed for making paper boxes and pasting the strips upon the blanks from which the paper boxes are folded but it may be used for any other purpose where it is desired to paste strips upon something.

What I claim as my invention and desire to secure by Letters Patent is,

In a pasting machine, a frame, a paste vat mounted upon said frame, a pasting roller mounted in said paste vat, feed rollers mounted upon said frame and adapted to feed a strip of paper through said machine, a presser foot carrying a cutter knife mounted upon said frame, an eccentric adapted to turn said feed rollers by a rack and ratchet, a second eccentric adapted to move said presser foot and cutter knife synchronically with the movement of said feed rolls, a power roller located between said eccentrics and adapted to turn each eccentric simultaneously whereby the strip of paper will be fed through the machine and paste applied to the under side thereof and the end cut off and pressed upon the goods upon which it is desired to be pasted with each revolution of the power roller.

In testimony whereof I affix my signature in presence of two witnesses.

HARRY A. INMAN.

Witnesses:

WALTER E. WARD,
 RITA VAN DER VOLGEN.

H. A. INMAN.
PASTING MACHINE.
APPLICATION FILED NOV. 15, 1911.

Patented Aug. 27, 1912.

1,036,851.

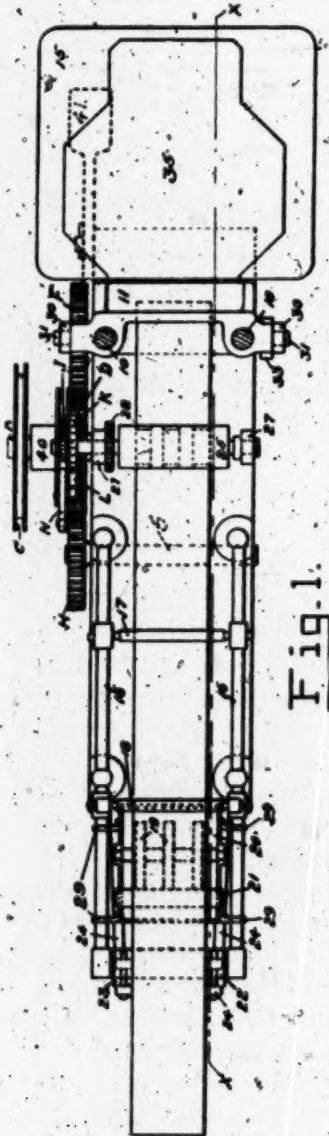


Fig. 1.

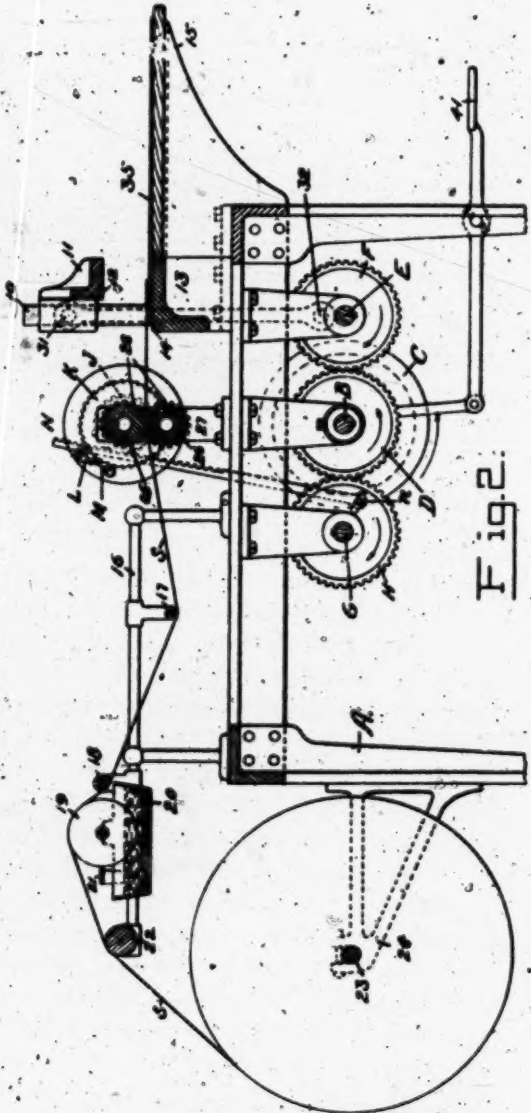


Fig. 2.

WITNESSES:

Rita Van der Volgen
Marion Ashlund

INVENTOR

BY

Harry A. Inman
Walter E. Ward

ATTY

[fol. 28] IN UNITED STATES CIRCUIT COURT OF APPEALS FOR
THE THIRD CIRCUIT, OCTOBER TERM, 1943

No. 8589

AUTOMATIC PAPER MACHINERY COMPANY, INC., Plaintiff-
Appellee,

vs.

MARCALUS MANUFACTURING COMPANY, INC., and NICHOLAS
MARCALUS, Defendants-Appellants.

Appeal from the Judgment of the District Court of the
United States for the District of New Jersey

Appendix for Plaintiff-Appellee—Filed April 1, 1944

[File endorsement omitted]

[fol. 29]

PLAINTIFF'S EXHIBIT 6

Assignment

In consideration of One Dollar (\$1.00) and other good and valuable consideration, of which I acknowledge receipt, I, Nicholas Marcalus of Elizabeth, New Jersey, sell and assign to Automatic Paper Machinery Co. Inc., a New Jersey Corporation, its successors and assigns, the improvements in Mounting Cutters on Box Blanks invented by me, and the application for United States patent therefor, executed concurrently herewith; and all patents that may be granted therefor, and all divisions, reissues, continuations and extensions thereof, and authorize and request the Commissioner of Patents to issue all patents on said improvements resulting therefrom to said Automatic Paper Machinery Co. Inc., as assignee of the entire interest, and covenant that I have full right so to do, and agree that I will communicate to said Automatic Paper Machinery Co. Inc., or its representatives any facts known to me respecting said improvements and testify in any legal proceeding, sign all lawful papers, execute all divisional, continuing and reissue applications, make all rightful oaths and generally do everything possible to aid said Automatic Paper Machinery Co. Inc., its successors, assigns and nominees, to obtain and enforce proper patent protection for said invention in all countries.

In Testimony Whereof, I have hereunto set my hand and seal this → day of December, 1930.

(Signed) N. Marcalus.

(Acknowledged, December 2, 1930)

(Recorded in the Patent Office, December 4, 1930)

[fol. 30] IN UNITED STATES DISTRICT COURT

EXCERPT FROM DEPOSITION OF NICHOLAS MARCALUS, PAGES 4,
5 AND 6, REDUCED TO NARRATIVE FORM

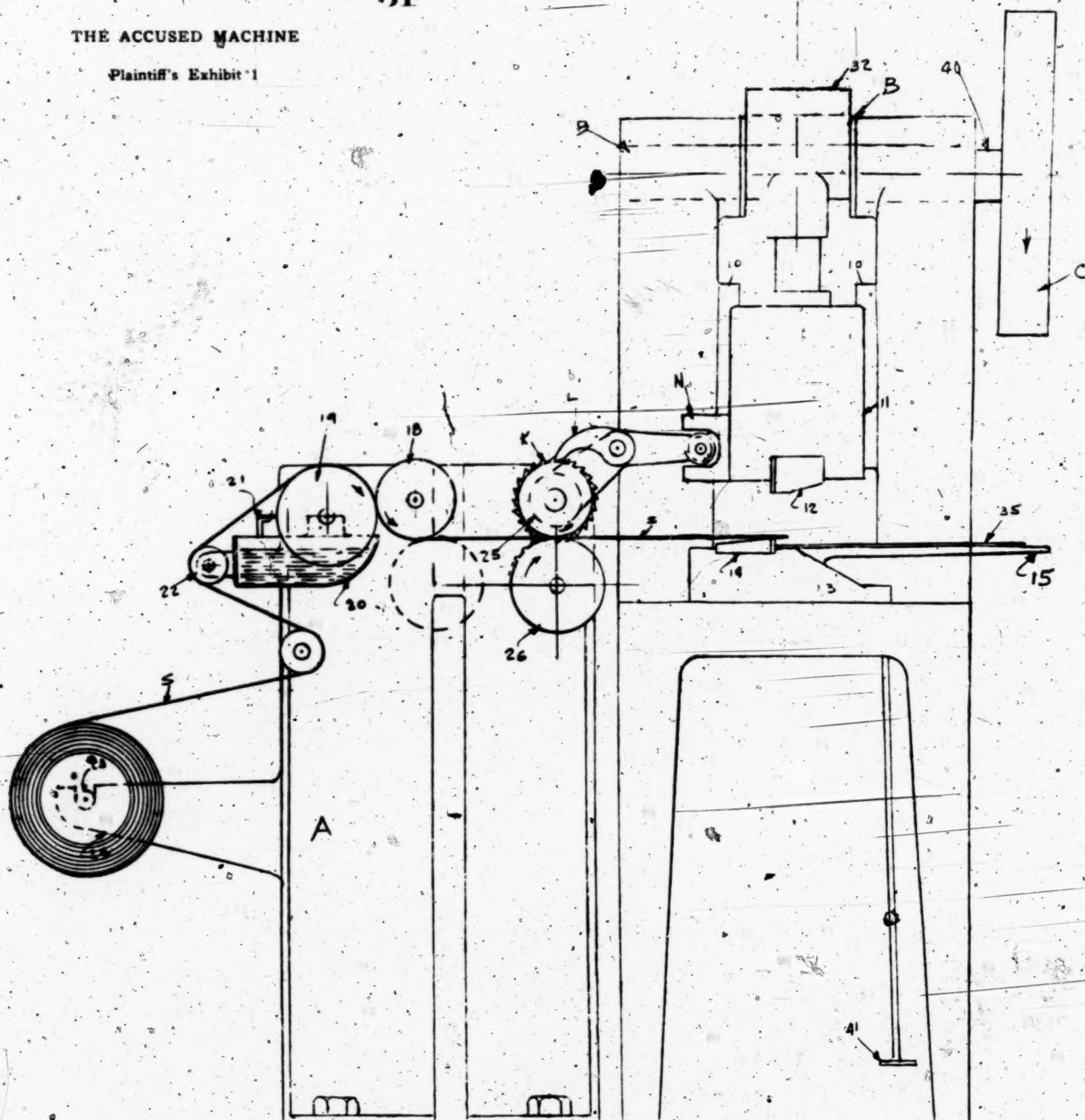
(Operation of the press shown in the drawing, Plaintiff's
Exhibit 1)

In the machine as actually built and in operation, the feed roll 26 is moved over and placed under roll 18 in place of the dotted line, and the ratchet K is secured to roll 18.

The stencil board S, or the fiber board, as it is unwound from the jumbo roll passes over the glue roller 19, which dips into the glue trough 20, and passes between the feed rollers 18 and 26 to the die 14. On the down stroke of the ram 11 the movable die 12 cooperates with the stationary die 14 to sever the forward end of the sheet of cutting material and presses it upon the forward edge of the box blank 35. The overlapped cutter and the box blank are pressed together between the flat bottom face of die 12 and the upper face of anvil 13, and as the lower face of the cutter has had glue attached to it, it is secured to the box blank. On the upward stroke of the ram 11 the lever 25, carrying the pawl L, is swung counter clockwise; the pawl L engages the ratchet wheel K and feeds the sheet S forward the width of one tooth of the sprocket, and that would mean in terms of the progress of sheet S, the width of one cutter.

THE ACCUSED MACHINE

Plaintiff's Exhibit 1



[fol. 68] IN THE UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE THIRD CIRCUIT, OCTOBER TERM, 1943

No. 8589

AUTOMATIC PAPER MACHINERY COMPANY, INC.,

vs.

MARCALUS MANUFACTURING COMPANY, INC., and NICHOLAS
MARCALUS, Appellants

And afterwards, to wit, the 18th day of May 18, 1944, come the parties aforesaid by their counsel aforesaid, and this case being called for argument sur pleadings and briefs, before the Honorable John Biggs, Jr., Honorable Herbert F. Goodrich and Honorable Gerald McLaughlin, Circuit Judges, and the Court not being fully advised in the premises, takes further time for the consideration thereof,

And afterwards, to wit, on the 8th day of February, 1945, come the parties aforesaid by their counsel aforesaid, and the Court, now being fully advised in the premises, renders the following decision:

[fol. 69] UNITED STATES CIRCUIT COURT OF APPEALS FOR THE
THIRD CIRCUIT, OCTOBER TERM, 1943

No. 8589

AUTOMATIC PAPER MACHINERY COMPANY, INC.,

v.

MARCALUS MANUFACTURING COMPANY, INC., and NICHOLAS
MARCALUS, Appellants

Appeal from the District Court of the United States for the
District of New Jersey

Before Biggs, Goodrich and McLaughlin, Circuit Judges

OPINION OF THE COURT—Filed February 8, 1945

By Biggs, Circuit Judge:

The plaintiff, Automatic Paper Machinery Company, Inc., sued Nicholas Marcalus and Marcalus Manufacturing Company, Inc., alleging infringement of United States Patent

No. 1,843,429, and sought an injunction and an accounting. On a motion for a summary judgment filed by the plaintiff pursuant to Rule 56 of the Rules of Civil Procedure, 28 U. S. C. A. foll. Sec. 723c, the court below granted an injunction and ordered an accounting.¹ The defendants have appealed.

The facts may be stated as follows. In 1924 Marcalus and Roswell H. Rausch organized Automatic. Rausch procured the capital for the enterprise and served as president [fol. 70] of the corporation. Marcalus contributed his inventive and mechanical skill and became vice-president, treasurer and manager of production. Rausch and Marcalus owned the stock of the company. Automatic put a serrated metallic cutter edge on an outer lip of a box blank and sold it. The product had substantial utility.² In 1930, when sheet metal was still plentiful, Marcalus, in what the plaintiff describes as "a moment of prescience", made the invention disclosed by the patent in suit. He filed an application in the Patent Office on December 4, 1930 and on the same day assigned it to Automatic. The application was allowed on July 8, 1931 precisely as Marcalus had filed it. On February 2, 1932 the patent issued to Automatic. The patent contains eleven claims, nine of which claim a machine or press for mounting "a cutter" upon a box blank. The two remaining claims, 10 and 11, appropriate a method for mounting "a non-metallic cutter" on a box blank.

Marcalus states in his specification, "• • • I have provided a method and a machine by means of which a sheet of indurated paper and a box blank are fed to a press, in overlapping relationship, and a cutting element severed from the forward end of the sheet and secured along the edge of the box blank in what is substantially one operation." Claim 4, typical of the machine claims, is as follows: "In a press for mounting a cutter upon a box blank, the combination of a reciprocable ram, means for feeding a sheet of cutter material into overlapping relation to a box blank beneath the ram, means for severing a cutter from the sheet and securing it to the blank on each downward

¹ See 54 F. Supp. 105.

² It became the subject of a suit brought by the present plaintiff against the present defendants. See the opinion of this court in 110 F. 2d 304 and compare *Levine & Co. v. Automatic Paper Mach. Co.*, 63 F. 2d 547.

movement of the ram, and means operated by each upward movement of the ram for actuating the sheet feeding means." Claim 11, one of the two method claims, is as follows: "The method of mounting a non-metallic cutter upon a box blank which comprises placing a sheet of cutter material and a box blank with their edges overlapping, ap-[fol. 71] plying glue, pressing the overlapping parts to join them, and while still under pressure severing the cutter material to leave a cutter with a serrated cutting edge glued to the blank with its cutting edge extending slightly beyond the blank."

Marcalus was employed by Automatic until December 1931 when, friction developing within the company, he withdrew and sold his stock for a substantial sum. Shortly thereafter, he organized Marcalus Company which engaged in manufacturing and selling a box with a metallic cutting edge for wax paper very similar to that manufactured and sold by his former employer, Automatic.³ Both Automatic and Marcalus Company continued to mount metal cutters on their respective box blanks until the war brought about a metal shortage. Automatic then turned to the patent *sub judice* and employed a machine similar to that described in it for affixing non-metallic cutters to box blanks. Marcalus Company also fixed non-metallic cutters to boxes employing the accused machine or press for that purpose. The defendants assert their machine reads on and actually was designed from the disclosures in another patent. This is Inman No. 1,036,851, which expired on August 27, 1929, more than three months prior to the filing of the application for the patent under consideration. The accused machine is in fact a Chinese copy of Inman's. The defendants contend, therefore, that they have the right to make use of their machine without liability for infringement of the patent *sub judice*. The plaintiff asserts that the defendants' machine reads precisely on Marcalus No. 1,843,429, and since the defendants are estopped to deny the validity of the patent, they, therefore, must be found to have infringed it.

The court below found the disclosures of the Inman patent to be a complete anticipation of the Marcalus patent

³ No restriction by contract was imposed on Marcalus to prevent him from engaging in a competing business.

sub judice: Judge Smith stated, "The subjects of the re-[fol. 72] spective patents [Inman and Marcalus] are substantially identical and are adapted to, and intended for the same use. The machine of the Inman patent differs from the machine of the Marcalus patent only in the arrangement of its structural elements. It is significant that the accused machine reads element for element on the claims of either patent, and without substitution of equivalent expedients. It is obvious that under these facts the principal question presented for decision is one of law—May the defendants defeat the assignment and the estoppel inherent therein by their resort to the prior art? It is our opinion that they may not." Resting his conclusion upon the decision of the Supreme Court in *Westinghouse Electric & Mfg. Co. v. Formica Insulation Co.*, 266 U. S. 342, 350, and other authorities, the court below then said. "The assignor [Marcalus]; * * * may not invoke the prior art for the ostensible purpose of limiting the claims, but for the real purpose of challenging their validity for lack of novelty * * * The assignor will not be permitted to defeat the estoppel by indirection." Judge Smith went on to say that the Inman patent, " * * * *not only negatives infringement but it invalidates the Marcalus patent and defeats the assignment.*"⁴ If we were to permit the defense of non-infringement to rest on the Inman patent, the defendants would achieve, by indirection, the destruction of the Marcalus patent and the defeat of its assignment, and this the defendants may not do."⁵ For both quotations see 54 F. Supp. at pp. 107-108.

The main issue of the case presents the question of estoppel by deed in patent property in classic simplicity and requires the application, if possible under the circumstances of the case at bar, of the principle enunciated by Mr. Chief Justice Taft in *Westinghouse Electric & Mfg. Co. v. Formica Insulation Co.*, *supra*, 266 U. S. at pp. 350-351. In the Formica case O'Connor had been issued a

⁴ Emphasis added.

⁵ It is clear that the doctrine of estoppel by deed extends to Marcalus Company as fully as to Marcalus. He, his wife and son own all of the stock of the company. They are its officers and Marcalus admits that he controls the corporation. See *Dixie-Vortex Co. v. Paper Container Mfg. Co.*, 130 F. 2d 569; *Leader Plow Co. v. Bridgewater Plow Co.*, 237 Fed. 376; *Alvin Mfg. Co. v. Scharling*, 100 Fed. 87.

patent for a process for making composite electric insulation materials. He had been an employee of the plaintiff, Westinghouse, at the time he filed the application for the patent and assigned his rights in it to his employer. Claims 11 and 12 of the patent, as issued, were added by Westinghouse as assignee after O'Connor had left its employ. These claims were not allowed until four years after O'Connor had participated in making use of the accused process, and for three years thereafter, Westinghouse had made no objection to O'Connor continuing the manufacture. O'Connor's specification disclosed a two-step process; (1) pressure and heat; (2) cooking and baking. Claims 11 and 12 of the patent, the claims in litigation, appropriated the one-step process well known to the prior art. All of the other claims of the patent appropriated the two-step process. Claim 6 of the application as originally filed, was broader than claims 11 and 12 of the patent as issued. This claim of the application was rejected by the Patent Office. Mr. Chief Justice Taft said in respect to this claim: "It was so absurdly broad and all-inclusive as to almost indicate that it was made to be rejected. O'Connor's signature to such a claim under the circumstances of course does not estop him when in fact it was not allowed; and certainly should not be used to bolster up a broad construction of the 11th and 12th claims when * * * the state of the art must limit them." Mr. Chief Justice Taft made it plain that all of the disclosures of O'Connor's specification, save the two-step process, were known to the prior art. But he stated: "In view of the prior art * * * it is very clear that the 11th and 12th claims must be read to include as an essential element of the combination therein claimed, the two-step process. Without this, there was nothing new in them in the field to which they applied." The Supreme Court held that since claims 11 and 12, so limited, were for a two-step process, O'Connor did not infringe the claims since he used a one-step process.

[fol. 74] In the Formica decision the Supreme Court ruled that the state of the art could not be employed to destroy an assigned patent but might be used to narrow its claims, conceding their validity; in other words, the prior art might be used to "limit" claims as was done with those of O'Connor's patent by reading the two-step process out of the specification and into the claims. "The distinction", said Mr. Chief Justice Taft, "may be a nice one but seems

to be workable." He quoted from the opinion of Mr. Justice Lurton, written when he was a Circuit Judge, in *Noonan v. Chester Park Athletic Club Co.*, 99 F. 90, 91.⁶ As we apprehend the substance of the court's ruling in the *Noonan* case, however, structural changes unimportant in effect, which seem to have been simple mechanical equivalents, were held not to be such, and an adjudication of infringement was avoided.

Decisions of the inferior federal courts since the *Formica* case present varying interpretations of the Supreme Court's ruling. In *Vogt Instant Freezers v. New York Eskimo Pie Corp.* (CCA 2) 69 F. 2d 84, 87, the court, limiting the claims of the patent to the "cold rolls way of hardening" ice cream, described in the specifications but not claimed and which described methods which the defendant did not use, refused to make an adjudication of infringement. In *Baldwin Rubber Co. v. Paine & Williams Co.* (CCA 6) 99 F. 2d 1; the doctrine of equivalents was applied precisely as if the assignor and the assignee had been strangers and the assignor consequently was held to infringe. In *Frank Associates, Inc. v. Columbia Narrow [fol. 75] Fabric Co.* (DCSDNY) 33 F. Supp. 279, 282-283, though the court might have avoided an adjudication of infringement by interpolating into the claims a reference to the sizing of the rayon threads, it refused to do this and

⁶ The quotation was as follows: "It seems to be well settled that the assignor of a patent is estopped from saying his patent is void for want of novelty or utility, or because anticipated by prior inventions. But this estoppel, for manifest reasons, does not prevent him from denying infringement. To determine such an issue, it is admissible to show the state of the art involved, that the court may see what the thing was which was assigned, and thus determine the primary or secondary character of the patent assigned, and the extent to which the doctrine of equivalents may be invoked against an infringer. The court will not assume against an assignor, and in favor of his assignee, anything more than that the invention presented a sufficient degree of utility and novelty to justify the issuance of the patent assigned, and will apply to the patent the same rule of construction, with this limitation, which would be applicable between the patentee and a stranger.' "

stated that, "A limitation of the claims which would exonerate defendant would be tantamount to a degree that the claims are invalid." The defendant was adjudged guilty of infringement. In *Casco Products Corp. v. Sinko Tool & Mfg. Co.* (CCA 7) 116 F. 2d 119, cert. den. 312 U. S. 693, a licensee was held estopped to deny the validity of the patents under which it was licensed but the court limited the scope of the estoppel. The court held that the defendant was "not estopped to prove that its devices are built wholly according to the teaching of the prior art and that everything necessary to their conception and construction was taught by such art, for such proof clearly negatives infringement. In other words if everything in defendant's construction was taught by the prior art and nothing included therein other than the application of such art, plus ordinary mechanical skill, then the mere fact that the devices constructed reads upon the claims of patents, the validity of which it is estopped to deny, does not spell infringement." Compare the decision of the same court in *Dixie-Vortex Co. v. Paper Container Mfg. Co.* (CCA 7) 130 F. 2d 569, 577. Cf. *Kessel v. Vidrio Products Corporation* (CCA 7) 113 F. 2d 381, cert. den. 311 U. S. 703, and *Stubnitz-Greene Spring Corp. v. Fort Pitt Bedding Co.* (CCA 6) 110 F. 2d 192, 196. Cf. also *Timkin-Detroit Axle Co. v. Alma Motor Co.* (DCDEL) 47 F. Supp. 582, 588, and *idem* (CCA 3) 144 F. 2d 714. Compare also *Swan Carburetor Co. v. General Motors Corporation* (D. C. N. D. Ohio E. D.) 42 F. 2d 452, 454. A very different result than that arrived at in the *Casco* case was reached in *Dwight & Lloyd S. Co. v. American Ore Reclamation Co.* (DCSDNY) 44 F. Supp. 401, 402, a licensing case. See also *Buckingham Products Co. v. McAleer Mfg. Co.* (CCA 6) 108 F. 2d 192, 193, wherein it was held that the assignor could not be heard to [fol. 76] say that the invention was narrower than indicated by the claims despite the fact that the disclosures of the patent were anticipated fully by the prior art. It will be observed that the *Casco* decision is at one extreme and the *Buckingham* decision, at the other.⁷

⁷ We can see no cogent reason why an assignor or a licensee should possess a different status in relation to an interest in patent property whether assigned or licensed. We are aware, however, that though under the law of real property, from whence the doctrine of estoppel by deed in

The Formica decision applied the principle of anticipation to the claims of the patent, declaring that there was no infringement while preserving the surface of the grant. As we apprehend the ruling of the Supreme Court the prior art must be employed to measure the extent of the anticipation and the extent of the anticipation in turn "limits" the claims. If the subject matter appropriated by the claims has been anticipated, the claims are held not to be infringed. For example: In the Formica case the second step was read out of the specification and into the claims;⁸ in the Noonan case, small differences in structure were held not to be equivalents because they were embraced in the prior art; in the Casco case, since everything of substance disclosed in the patents and appropriated by the claims was taught

respect to patent property evolved, an estoppel would not run against the grantee. The grantee might assert title to his land from any source. See *Bybee v. Oregon & C. R. Co.*, 139 U. S. 663, and *Guaranty Savings Bank v. Bladow*, 176 U. S. 448. The point does not seem significant, however, either under the circumstances usually relating to the assignment or license of patent property or those of the case at bar.

⁸ Suppose after the decision in the Formica case, Westinghouse had sued someone other than O'Connor, asserting the infringement of claims 11 and 12 of the patent. Presume further that the alleged infringers used the precise two-step process disclosed in O'Connor's specification. Would the validity of claims 11 and 12 have been upheld on the ground that a two-step process had been validly appropriated in the O'Connor patent? We find no satisfactory answer to this question. If the answer should be in the negative it is difficult to see how the grant would not be defeated. As to any other user of the process than O'Connor the claims, since they appropriated only the one-step process old in the art, would be invalid for want of invention. O'Connor had been held not to be an infringer. Under these circumstances, the monopoly of the patent is without value in the market place and the patent itself becomes a mere diploma. If the answer to the question should be in the affirmative, the result would seem to run counter to *R. S. 4888*, 35 U. S. C. A., Sec. 33.

by the prior art, it was held that that negatived infringement. In the Formica and Noonan cases the grants were [fol. 77] held not to be defeated though the grants as limited were of no practical value to the assignees. The assignments authorized them to proceed with manufacture under patents which were invalid under the prior art and the assignors were held not to be infringers. The same result as to a licensee was reached in the Casco case. We believe that the decision in the Casco case was correct. We conclude that it was not the intention of the Supreme Court by its Formica decision to cause federal tribunals to limit the claims of a patent on prior art when the art affords some anticipation of the subject matter of the claims and to avoid the effect of limitation when the prior art affords complete anticipation.

In the instant case, there are some very minor differences between Marcalus's claims and the accused press which, as we have stated, is a Chinese copy of Inman's device.⁹ These distinctions are trivial. The machine of Marcalus's patent and the accused machine are alike in substance. With the exception of the employment of the springs in the accused machine referred to in the first sentence of the quotation, in note 9 *infra*, the accused machine, that of Inman and that of the Marcalus patent are as alike as peas in a pod. The accused machine lies completely in the prior art.

⁹ The appellant's brief recounts these differences as follows: " * * * the pressing and cutting dies of Marcalus as well as their cooperating anvils are supported by springs. This enables the cutting edge to be applied and glued to the box before the cutting edge is severed from its roll—a double action or two-step operation. Nothing of this sort is utilized in the Inman machine of the defendant, which is a single action machine—the gluing and severance of the cutting edge being effected in one operation. Again, the machine of the Marcalus patent applies the glue in spots on the upper surface of the non-metallic material, whereas in the defendant's machine of the Inman patent the glue is applied continuously to the bottom surface of the non-metallic material. Additionally, the fibrous material is supplied to the cutting and pressing anvil beneath the box blank, whereas in defendant's machine of the Inman patent the non-metallic material is supplied above the box blank."

If we are correct in our conclusion that under the rule of the *Formica* decision the prior art measures the extent of the anticipation and the anticipation *limits* the claims, anticipation being complete in the instant case, the claims [fol. 78] of the patent must be limited to nought. We conclude that the District Court erred in holding the contrary.

There are cogent reasons, however, why the doctrine of estoppel by deed should be held to be inapplicable in the instant circumstances. The Inman patent expired more than three months prior to the date of the filing of Marcalus's application. It is a fundamental principle of our patent system that when a patent has expired the device or the process which it discloses lies in the public domain. Any member of the public had the right to use the press-three months before Marcalus filed his application. The Inman patent and its date of expiration were matters of official record in the United States Patent Office. Drawing an analogy from the law of real estate, appropriate under the circumstances, the principle of estoppel by deed may not be employed to validate a conveyance of public lands executed by one who was without authority to make the grant. If an individual purported to convey a public park to a stranger, the grantee could not exclude the grantor from the premises. True, legal title to public lands lies in a sovereign and the public has no legal title to patent property freed of monopoly, but this is a matter of form rather than substance for the right to use such property is in the public. The extent of the public interest in inventions may not be questioned in view of the decisions of the Supreme Court. See *Muncie Gear Co. v. Outboard Co.*, 315 U. S. 759, 768; *Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U. S. 661; and *Densmore v. Scofield*, 102 U. S. 375, 378. See also the decision of this court in *Cridlebaugh v. Rudolph*, 131 F. 2d 795, 800.

It must be borne in mind that the amount of any royalty imposed upon Marcalus Company by the plaintiff will be passed on to the public, an incident which does not follow a conveyance of private lands. In the case at bar, to permit the imposition of a royalty, the ultimate result of a judgment of infringement in the case at bar, is the equivalent of allowing the grantee of a deed executed without authority, purporting to convey title to public lands, to charge a toll to the public. While it may be argued that any part [fol. 79] of a prior art, whether embodied in an official record or not, lies in the public domain and therefore would be

subject to the rule which we have enunciated, it is not necessary to go so far in deciding the case at bar. The whole body of a prior art ordinarily consists of many items which are not matters of official record. In the instant case, however, the Inman machine lies in the public domain by reason of the expiration of a United States patent under the law of the United States. This is a matter of official record.

The doctrine of estoppel by deed arose by way of the solemn assurance presumed to have been given by the grantor to the grantee that the lands and title which were conveyed were as the grantor represented or warranted them to be, an assurance on which the grantee was assumed to have relied. See *Gilmer v. Poindexter*, 10 How. 257. Estoppel is an equitable doctrine and its essence lies in mutuality. *Sutton v. Dameron*, 100 Mo. 141, 13 S. W. 497. He who endeavors to rely on estoppel must himself have acted in good faith and without knowledge that the title to the land was not as represented by the grantor. *Vaughn v. Hixon*, 50 Kan. 773, 32 P. 358. This principle is stated in *Bishop's Equity*. See Section 280. If the grantee is not deceived by the representation he should not be entitled to rely upon it by way of estoppel. It would follow, we think, that if the assignee was chargeable with the knowledge, as in the case at bar, that the patent property which the assignor sought to convey to him lay in the public domain, he should not be entitled to assert the doctrine of estoppel by deed.

For these reasons also, the defendant should be held not to infringe the patent under consideration. Accordingly, the judgment is reversed.

A true Copy: Teste:

_____, Clerk of the United States Circuit Court
of Appeals for the Third Circuit.

[fol. 80] IN THE UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE THIRD CIRCUIT, OCTOBER TERM, 1943

No. 8589

AUTOMATIC PAPER MACHINERY COMPANY, INC.

VS.

MARCALUS MANUFACTURING COMPANY, INC., and NICHOLAS
MARCALUS, Appellants

Present: Biggs, Goodrich and McLaughlin, Circuit
Judges.

On Appeal from the District Court of the United States, for
the District of New Jersey

This cause came on to be heard on the transcript of record
from the District Court of the United States, for the District
of New Jersey, and was argued by counsel.

On consideration whereof, it is now here ordered and
adjudged by this Court that the judgment of the said Dis-
trict Court in this case be, and the same is hereby reversed,
with costs.

By the Court, John Biggs, Jr., Circuit Judge.

February 8, 1945.

Endorsements: Order Reversing Judgment. Received
and Filed Feb. 8, 1945. Wm. P. Rowland, Clerk.

[fol. 44] [File, endorsement omitted]

IN UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD
CIRCUIT

[Title omitted]

PLAINTIFF-APPELLEE'S PETITION FOR REHEARING—Filed
February 21, 1945

[fol. 45] Defendant in its brief importuned this Court to "go beyond the mere disposition of this case and put itself on record as in disagreement with the estoppel doctrine as here applied", a doctrine which defendant did not hesitate to stigmatize as unsound despite a respectable longevity and the supporting authority of the Supreme Court. Yielding to those importunities this Court has done precisely as importuned: it has abolished the doctrine of estoppel by deed to the assignment of patent property, despite the Supreme Court's express refusal to do just that in the Formica case. We respectfully suggest that repudiation of a doctrine so long established as this one and unequivocally reaffirmed by the Supreme Court itself not long since had better be left to that Court.

This Court does not say in so many words that it will not follow the law of the Formica case, but that, nonetheless, is the effect of its decision. We believe that the Court's error arose from a misunderstanding of the Formica case and was confirmed by fallible supporting arguments, all of which we shall briefly consider.

I

The doctrine of estoppel by deed to the assignment of patent property was approved and restated by Mr. Chief Justice Taft in the Formica case with admirable clarity. He said:

"As to the rest of the world, the patent may have no efficacy and create no right of monopoly; but the assignor can not be heard to question the right of his assignee to exclude him from its use." (p. 349)

"If one lawfully conveys to another a patented right to exclude the public from the making, using and vending of an invention, fair dealing should prevent

him from derogating from the title he has assigned,
” (p. 350)

[fol. 46] “Of course, the state of the art can not be used to destroy the patent and defeat the grant, because the assignor is estopped to do this. But the state of the art may be used to construe and narrow the claims of the patent, conceding their validity. The distinction may be a nice one but seems to be workable.” (p. 351).

These then are the essentials of that doctrine which “the main issue of the case presents . . . in classic simplicity”.

But the issue of the Formica case was not so simple. There the claims in suit had been made by the assignee after the assignor had left its employ and without his knowledge or sanction. Under those circumstances it could not well be said that the assignee had relied on any representation of the assignor, express or implied, as to the scope or validity of the claims sued upon. Hence the assignor, not being estopped to contest the validity of those claims, did so with complete effectiveness. The claims were adjudged invalid by the Court of Appeals whose decree was affirmed by the Supreme Court; there was no holding of non-infringement. That part of the decision in which the Supreme Court purported to read unexpressed limitations into the claims in suit, and on which this Court has relied, was *obiter dictum*, which, if given the effect of law, applicable beyond the circumstances of the case, destroys the very doctrine elsewhere affirmed in the same decision—as this Court has amply demonstrated. It so happened that on the facts of the Formica case it made no practical difference whether limitations were read into the claims to save them but leave them uninfringed, or whether, the estoppel denied, the claims were proved to be invalid. But it makes a lot of difference here because there are no limitations that can be read into Marcalus’ claims to save them. As this Court has correctly held, “the accused machine, that of Inman and that of the Marcalus patent are as alike as [fol. 47] peas in a pod”, and claims that read on one pea assuredly read on all. Hence, if limitations are to be read into these claims, then inexorably “the claims of the patent must be limited to nought” as this Court has said. And

a claim whose scope is nought is, by definition, an invalid claim. This Court has, therefore, rendered unworkable the nice but workable distinction carefully observed by the learned Chief Justice—has indeed obliterated that nice distinction altogether—and has permitted Marcalus to attack the validity of his own patent as surely as though the doctrine of estoppel had never been heard of. It has permitted Marcalus to achieve by indirection what he could not achieve directly—a thing that Judge Smith (and the Supreme Court) rightly forbade. We repeat: this Court has abolished the doctrine of estoppel by deed to the assignment of patent property.

II

The analogy between property in land and in ideas, although useful, must not be pushed too far. This Court, in support of its conclusions writes:

“If an individual purported to convey a public park to a stranger, the grantee could not exclude the grantor from the premises.”

Why not? The Court asserts this as a truism, but justice might well decree otherwise. If the Court is right, it is not because any fundamental principle of equity dictates the result, but because considerations of expediency may make it impracticable to exclude from a public park any member of the public suffered to roam at large. There is the further consideration that the exercise of the most elementary precautions would have saved our foolish stranger from the consequences of his folly: his wily grantor had at no time even colorable title to the property conveyed. In contrast, the patentee of a duly issued patent not only has good title to it—the patent is indubitably valid until some court has held it invalid.

[fol. 48]

III

The Court finds the public interest best served by relieving Marcalus of the estoppel, reasoning that if Marcalus were required to pay plaintiff a royalty, this royalty would be passed on to the public, which would, therefore, have to pay a higher price for the products of Marcalus' machine than otherwise, notwithstanding the patent on the machine is invalid. To this there are two answers:

(1) Marcalus would never be given the privilege of paying a royalty; he would be summarily enjoined. (2) If Marcalus, to prevent diminution of his profits, should attempt to pass on to the public the royalty which the Court assumes he would be allowed to pay, he would have to raise the price of his waxed paper packages; whereupon the public would cease to buy his wares, patronizing instead his competitors, all of whom would be free to use the same machine without paying a penny's royalty to anybody. Thus the public would be none the poorer; only Mr. Marcalus. And the same happy result would be reached should he absorb the royalty. It is difficult to see how it could be otherwise in a free economy. Thus the Court is conferring no benefit on the public, but it is certainly paying Marcalus a handsome and unearned dividend on his double dealing.

In its zeal to protect an abstract public interest the Court has failed to do justice to the aggrieved suitor at its Bar. We respectfully suggest that the public interest were better served by promoting honest dealing among men than by asserting the primacy of "a fundamental principle of our patent system: that when a patent has expired the device or the process which it discloses lies in the public domain", particularly when the validity of that fundamental principle remains unchallenged and unimpaired. We ask only that its invocation by this defendant be denied.

[fol. 49]

IV

The Court concludes by denying plaintiff's right to assert the estoppel against Marcalus because of lack of mutuality. Plaintiff, the Court avers, was chargeable with knowledge of the Inman patent at the time Marcalus assigned his application; hence knew it was getting an invalid patent, and cannot complain that it was cheated! Plaintiff is thus charged with being an accessory to its own spoliation, which is certainly carrying *caveat emptor* to new and fantastic limits. It hath been said by them of old time: Surely, in vain is the net set in the sight of any bird, but this Court, in its wisdom, thinks otherwise. Furthermore, if plaintiff was chargeable with knowledge of Inman, then Marcalus was equally chargeable—with shocking implications. For to hold plaintiff chargeable with this knowl-

edge makes of its management a parcel of dolts, but to hold likewise with respect to Marcalus makes of him a thief and knave who first perjured himself by falsely swearing to Inman's invention and then gulled his generous if simple-minded employer by selling it to him. And what is worse, he is now permitted to enjoy at leisure the ill-gotten fruits of his crimes. Never was confidence man more considerately treated! We have deplored Marcalus' undeveloped sense of punctilio, but we have never charged him with deliberate fraud.

The Court recognizes that there is no difference in legal effect between a prior patent (expired or not) a prior printed publication or a prior use—all being embraced within the inclusive "prior art". If then the assignee be presumed to know the prior art, how could the doctrine of estoppel by deed to the assignment of patent property ever have arisen, and become well-established? And yet it is hardly too much to say that the doctrine is well-established—or was before February 8th. Twenty years ago the Supreme Court in the *Formica* case said of the doctrine that it had then been settled by forty-five [fol. 50] years of judicial consideration and refused lightly to disturb it: "As to the rest of the world" said the Supreme Court, "the patent may have no efficacy and create no right of monopoly; but the assignor cannot be heard to question the right of his assignee to exclude him from its use". But how, we ask, can the assignee have the unquestioned right to exclude his assignor from the use of a wholly inefficacious patent, if we are to presume, as this Court does, that the assignee was aware of its disabilities at the time of the assignment? Omniscience and estoppel are incompatible; he who understands all mysteries and all knowledge can never be misled. Again we see that not only has this Court "lightly disturbed" a rule settled by sixty-five years of judicial consideration—a thing the Supreme Court would not do after forty-five—it has abolished it utterly.

A rehearing is requested.

Respectfully, George E. Middleton, Counsel for
Plaintiff-Appellee.

February 20, 1945.

I hereby certify that the foregoing petition for rehearing is presented in good faith and not for delay.

George E. Middleton.

[fol. 82]. IN THE UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE THIRD CIRCUIT, OCTOBER TERM, 1943

No. 8589.

AUTOMATIC PAPER MACHINERY COMPANY, INC., Plaintiff,

VS.

MARCALUS MANUFACTURING COMPANY, INC., and NICHOLAS
MARCALUS, Defendants-Appellants

SUB PETITION FOR REHEARING

And Now, to wit March 6, 1945, after due consideration,
the petition for rehearing in the above-entitled case is
hereby denied.

Philadelphia,

John Biggs, Jr., Circuit Judge.

Endorsements: Order Denying Petition for Rehearing.
Received and Filed March 6, 1945. Wm. P. Rowland, Clerk.

[fol. 83] UNITED STATES OF AMERICA,
Eastern District of Pennsylvania,
Third Judicial Circuit, Set:

I, Wm. P. Rowland, Clerk of the United States Circuit
Court of Appeals for the Third Circuit, do hereby certify
the foregoing to be a true and faithful copy of the original
Appendices to the Briefs for Appellants and Appellee, as
constituting the portions of the record before this court at
argument; and proceedings in this court, in the case of
Automatic Paper Machinery Company, Inc. vs. Marcalus
Manufacturing Company, Inc., et al., Appellants, No. 8589,
on file, and now remaining among the records of the said
Court, in my office.

In Testimony Whereof, I have hereunto subscribed my
name and affixed the seal of the said Court, at Philadelphia,
this 10th day of March in the year of our Lord one thousand
nine-hundred and forty-five and of the Independence of the
United States the one hundred and sixty-ninth.

Wm. P. Rowland, Clerk of the U. S. Circuit Court
of Appeals, Third Circuit. (Seal.)

[fol. 84] [Stamp:] Office of the Clerk, Supreme Court, U. S.
Mar. 17, 1945

IN THE SUPREME COURT OF THE UNITED STATES, OCTOBER
TERM, 1944

AUTOMATIC PAPER MACHINERY COMPANY, INC., Petitioner,

vs.

MARCALUS MANUFACTURING COMPANY, INC., and NICHOLAS
MARCALUS, Respondent

STIPULATION

It Is Hereby Stipulated and Agreed by and between counsel for the respective parties hereto, that the petition for writ of certiorari in the above matter may be considered by the Court on the appendices to the briefs of the parties, as filed in the Circuit Court of Appeals for the Third Circuit, supplemented by the proceedings in the Court of Appeals.

It Is Further Stipulated that, in the event the petition for writ of certiorari is granted, this case may be considered by the Court, on the return of the writ of certiorari, on the record as presented by the appendices as filed by the parties in the Circuit Court of Appeals for the Third Circuit, supplemented by the proceedings in that Court.

George E. Middleton, Counsel for Petitioner.

Samuel E. Darby, Jr., Counsel for Respondent.

Dated: New York, New York, March 14, 1945.

(7239)

[fol. 53] SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed April 30, 1945

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Third Circuit is granted.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

(9440)